IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

MARTEK BIOSCIENCES CORPORATION,

Plaintiff,

v.

NUTRINOVA INC., NUTRINOVA NUTRITION SPECIALTIES & FOOD INGREDIENTS GMBH, CELANESE VENTURES GMBH, and CELANESE AG,

Defendants.

Civil Action No. 03-896-GMS

OPENING BRIEF IN SUPPORT OF PLAINTIFF'S MOTION TO STRIKE PARAGRAPH 26 OF THE AFFIRMATIVE DEFENSES, DISMISS PARAGRAPH 48 OF COUNT I, AND DISMISS COUNT III OF THE COUNTERCLAIMS BY NUTRINOVA INC. AND NUTRINOVA NUTRITION SPECIALTIES & FOOD INGREDIENTS GMBH

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

CASES

STATUTES AND RULES

NATURE AND STAGE OF THE PROCEEDINGS

On September 23, 2003, Plaintiff Martek Biosciences Corporation ("Martek") filed this action for patent infringement (D.I. 1) against Defendants Nutrinova Inc., Nutrinova Nutrition Specialties & Food Ingredients GmbH (collectively, "Nutrinova"), Celanese Ventures GmbH, and Celanese AG. Nutrinova filed an Answer to Martek's Complaint and Counterclaims on October 24, 2003 (D.I. 5). The deadline for Martek to reply, move, or otherwise respond to Nutrinova's Counterclaims was extended by Stipulated Order to December 15, 2003 (D.I. 6). Martek now moves to strike Paragraph 26 of Nutrinova's Affirmative Defenses, dismiss Paragraph 48 of Count I, and dismiss Count III of Nutrinova's Counterclaims.

SUMMARY OF ARGUMENT

Paragraph 26 of the Affirmative Defenses and Paragraph 48 of Count I of the Counterclaims includes vague and ambiguous allegations of inequitable conduct with respect to one of the patents in suit. These allegations are subject to the pleading requirements of Fed. R. Civ. P. 9(b). Because these allegations are not pled with the particularity required by Rule 9(b), this Court should strike Paragraph 26 of the Affirmative Defenses under Fed. R. Civ. P. 12(f) for legal insufficiency, and dismiss Paragraph 48 of Count I of the Counterclaims under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted. In the alternative, Plaintiff requests that this Court require Nutrinova to provide a more definite statement under Fed. R. Civ. P. 12(e).

In Count III of the Counterclaims, Nutrinova seeks a declaration that it does not infringe any patent owned by Martek or any right possessed by Martek. Nutrinova has not met its burden in establishing an actual controversy as required by the Declaratory Judgment Act with regard to such broad and indefinite subject matter as would implicate every patent owned by Martek and every right possessed by Martek. Simply stated, Martek has never even remotely

alleged to Nutrinova that it is infringing every one of Martek's rights or patents as would give it a reasonable apprehension of suit as to every patent and every intellectual property right owned by Martek, yet that is the subject matter to which Count III is directed. Accordingly, this Court should dismiss Count III under Fed. R. Civ. P. 12(b)(1) for lack of subject matter jurisdiction. And even if this Court determines that jurisdiction is proper, considerations of justice and efficiency require that this Court exercise its discretion to decline declaratory judgment jurisdiction with respect to Count III of the Counterclaims.

STATEMENT OF FACTS

Martek develops and sells products from microalgae, including nutritional fatty acids such as docosahexaenoic acid (DHA). Martek's patent portfolio includes nearly fifty (50) United States patents and numerous foreign patents. Martek initiated discussions with Nutrinova regarding Nutrinova's potentially infringing activities with respect to its product DHActive™. At Nutrinova's request, Martek cited to Nutrinova a list of eighteen (18) patents from Martek's portfolio that might be relevant to these discussions.

Having failed to amicably settle the matter, Martek initiated this action by filing its Complaint on September 23, 2003 in which it charged Nutrinova with infringing two (2) of its patents. (D.I. 1). On October 24, 2003, Nutrinova filed its Answer and Counterclaims asserting numerous affirmative defenses and raising three Counterclaim Counts. (D.I. 5). Paragraph 26 of the Affirmative Defenses and Paragraph 48 of Count I of the Counterclaims as well as Count III of the Counterclaims are at issue in this motion.

ARGUMENT

I. PARAGRAPH 26 OF THE AFFIRMATIVE DEFENSES SHOULD BE STRICKEN AND PARAGRAPH 48 OF COUNT I OF THE COUNTERCLAIMS SHOULD BE DISMISSED

A. Allegations Of Inequitable Conduct Are Subject To The Pleading Requirements Of Rule 9(b)

Fed. R. Civ. P. 9(b) provides, in pertinent part:

> In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent [and] knowledge . . . may be averred generally.

Although the Federal Circuit has not yet directly addressed the applicability of Rule 9(b) to inequitable conduct claims, the majority of courts, including this Court, have held that such claims are subject to Rule 9(b)'s particularity requirements. *Enzo Life Sciences, Inc. v. Digene Corp.*, 270 F.Supp.2d 484, 487-88 (D. Del. 2003); *EMC Corp. v. Storage Tech. Corp.*, 921 F. Supp. 1261, 1263 (D. Del. 1996); *In re Papst Licensing, GmbH*, 174 F. Supp. 2d 446, 448 (E.D. La. 2001); *Systemation, Inc. v. Engel Indus., Inc.*, 183 F.R.D. 49, 51 (D. Mass. 1998) (collecting cases); *Samsung Elec. Co. v. Texas Instrus. Inc.*, 39 USPQ2d 1673, 1675-76 n.3 (N.D. Tex. 1996) (collecting cases). There are at least two justifications for applying Rule 9(b) to inequitable conduct claims.

First, Courts have reasoned that inequitable conduct is a form of fraud. *Systemation*, 183 F.R.D. at 51 (citing *Samsung*, 39 U.S.P.Q.2d at 1675). Similar to a fraud claim, "[i]nequitable conduct requires that the patentee withheld material information from the patent examiner or submitted false material information, with the intent to deceive or mislead the examiner into granting the patent." *Upjohn Co. v. Mova Pharm. Corp.*, 225 F.3d 1306, 1312 (Fed. Cir. 2000). In fact, courts have referred to inequitable conduct as "fraud on the Patent Office." *Burlington Indus., Inc. v. Engel Indus.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).

Second, Courts have concluded that public policy favors the application of Rule 9(b) to inequitable conduct claims. *Samsung*, 39 U.S.P.Q.2d at 1675. These Courts have cited the Federal Circuit's strong concerns about the "habit of charging inequitable conduct in almost every major patent case." *Id.* (citing *Burlington*, 849 F.2d at 1422). Indeed, the Federal Circuit has described the habit as "an absolute plague," *Burlington*, 849 F.2d at 1422, and has cautioned that inequitable conduct should not be used as "a magic incantation to be asserted against every patentee." *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987). Courts have reasoned that stricter pleading requirements might "act as a check on such abuses." *Systemation*, 183 F.R.D. at 51.

Accordingly, the great weight of legal authority and policy considerations dictate that the allegations of inequitable conduct pled in Paragraph 26 of the Affirmative Defenses and in Paragraph 48 of Count I of the Counterclaims be subject to the particularity pleading requirements of Rule 9(b).

B. Nutrinova's Allegations of Inequitable Conduct Are Not Pled In Conformity With Rule 9(b)

Pursuant to Rule 9(b), a party pleading inequitable conduct cannot merely rely on vague allegations that broadly recite elements of fraud, but instead must either specify the time, place, and content of any alleged misrepresentations made to the PTO or otherwise "give the defendant[] notice of the precise misconduct alleged." *EMC*, 921 F. Supp. at 1263 (citing *Seville Indus. Mach. Corp. v. Southmost Mach. Corp.*, 742 F.2d 786 (3rd Cir. 1984)).[1] Nutrinova's

[1] The Federal Circuit applies the law of the forum's circuit court of appeals in procedural matters not unique to patent matters. *Slip Track Sys. Inc. v. Metal-Lite, Inc.*, 304 F.3d 1256, 1262 (Fed. Cir. 2002); *see, e.g., Systemation*, 183 F.R.D. at 51 (applying law of the First Circuit to interpret Rule 9(b)); *Samsung*, 39 U.S.P.Q.2d at 1676 (applying law of the Fifth Circuit to interpret Rule 9(b)).

allegations of inequitable conduct clearly fail to meet these requirements. Paragraph 26 of the Affirmative Defenses states:

> 26. The '567 patent is unenforceable, because of the applicants' inequitable conduct in the prosecution of the patent. In particular, Martek prepared, filed and prosecuted a patent application, Serial Number 07/580,778 filed on September 11, 1990, which issued as the Martek '567 patent. That application was prepared, filed and prosecuted with material false data. The applicants knew that the application contained false data, but nevertheless filed, continued to prosecute, and convinced the Patent Office to issue the '567 patent based on such material false data. Such misconduct constitutes inequitable conduct, and renders the '567 patent and all affiliated patents unenforceable. (Emphasis added).

Similarly, Paragraph 48 of Count 1 of the Counterclaims states:

> 48. The '567 patent is unenforceable, because of the applicants' inequitable conduct in the prosecution of the patent. In particular, Martek prepared, filed and prosecuted a patent application, Serial Number 07/580,778 filed on September 11, 1990 ("the 778 application"), which is a parent application from which Martek's '567 patent on its face claims priority. A claim for priority from the 778 application is also made in a declaration filed by the inventors in connection with the '567 patent. The 778 application was prepared, filed and prosecuted with material false data. The applicants knew that the application contained false data, but nevertheless filed, continued to prosecute, and convinced the Patent Office to issue the '567 patent based on such material false data. Such misconduct constitutes inequitable conduct, and renders the '567 patent and all affiliated patents unenforceable. (Emphasis added).

Succinctly stated, Nutrinova alleges that a parent application of the '567 patent was "prepared, filed and prosecuted with material false data." This vague and conclusory allegation does not satisfy Rule 9(b) because, *inter alia*, it fails to (1) identify the relevant "data," (2) state why such data is "false," and (3) state why such data is "material" to patentability. There is no excuse for such failure, as Nutrinova does not, and cannot, allege that this

information is peculiarly within Martek's knowledge or control. Indeed, the '567 patent's full prosecution history is readily available to Nutrinova and the general public.

As it presently reads, Nutrinova's inequitable conduct allegation is wholly insufficient to enable Martek to prepare a proper response. Nor does it demonstrate that Nutrinova is not filing a groundless claim. Nutrinova may not rely on future discovery to cure this insufficient pleading. *EMC*, 921 F. Supp. at 1263-64.

Because Nutrinova's inequitable conduct allegation fails to comply with the particularity requirements of Rule 9(b), this Court should strike Paragraph 26 of the Affirmative defenses under Fed. R. Civ. P. 12(f) for legal insufficiency, and dismiss Paragraph 48 of Count I of the Counterclaims under Fed. R. Civ. P. 12(b)(6) for failure to state a claim upon which relief can be granted. In the alternative, Plaintiff requests that this Court require Nutrinova to provide a more definite statement under Fed. R. Civ. P. 12(e).

II. COUNT III OF THE COUNTERCLAIMS SHOULD BE DISMISSED

A. This Court Lacks Subject Matter Jurisdiction Over Count III

The Declaratory Judgment Act provides, in pertinent part:

> In a case of actual controversy within its jurisdiction . . . any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.

28 U.S.C. §2201. Thus, federal courts have jurisdiction over a declaratory judgment action only if an "actual controversy" exists between the parties at the time the plaintiff files its complaint and throughout the pending action. *Shell Oil Co. v. Amoco Corp.*, 970 F.2d 885, 887 (Fed. Cir. 1992). In other words, the dispute between the parties must be "definite and concrete" so as to avoid an advisory opinion on a situation not ripe for litigation. *BP Chemicals Ltd. v. Union Carbide Corp.*, 4 F.3d 975, 977 (Fed. Cir. 1993). In a patent context, the Federal Circuit has

adopted a two-part test to determine the existence of an actual controversy: (1) an explicit threat or other act by the patentee creating in the potential infringer a reasonable apprehension that the patentee will initiate suit; and (2) acts by the potential infringer which could constitute infringement or concrete steps taken with the intent of infringement. *Id.* at 978. The burden of proof is on the party seeking declaratory judgment. *Shell Oil*, 970 F.2d at 887.

In this case, Nutrinova fails to satisfy the first prong of the actual controversy test. Paragraphs 53 - 56 of Count III state:

> 53. The Nutrinova Process for making DHActive™ does not infringe or fall within the scope of any valid and enforceable claim of any issued United States patent owned by Martek.
>
> 54. The product DHActive™ including its importation, manufacture, use, sale or offer for sale, does not infringe or fall with the scope of any valid and enforceable claim of any issued United States patent owned by Martek.
>
> 55. Nutrinova's previous applications of DHActive™ have not infringed and the continuation of such applications or other future applications will not infringe or fall within the scope of any valid and enforceable claim of any issued United States patent owned by Martek.
>
> 56. Defendants do no infringe and are not liable for infringement, violation or abridgement of any valid and enforceable right of Martek, and will not infringe or be liable for infringement, violation or abridgement of any valid and enforceable right of Martek, by developing, importing, making, having made, licensing, using, offering to sell or selling DHActive™. (Emphasis added).

Succinctly stated, Nutrinova seeks a declaration that it does not infringe "any valid and enforceable claim of any issued United States patent owned by Martek" and "any valid and enforceable right of Martek." Incredibly, the claims do not recite either the specific patents or the specific "rights" at issue, and potentially encompass all of Martek's intellectual property, including its nearly fifty (50) patents as well as every non-patent intellectual property right that it

may have. But Nutrinova has not alleged, and cannot allege, facts necessary to establish that Martek's conduct placed Nutrinova in reasonable apprehension of an infringement suit over such broad and indefinite subject matter.[2]

In support of jurisdiction, Nutrinova merely alleges that Martek has asserted infringement of "other Martek patents" in addition to the two (2) patents in suit and has "cited to Nutrinova a list of Martek-owned patents" consisting of eighteen (18) such patents from Martek's extensive portfolio. Nutrinova's Counterclaim (D.I. 5), ¶¶40, 41. These factual allegations, even if accepted as true for the purposes of this motion (which Martek does not otherwise concede), do not justify the open-ended and wide-ranging declaratory relief Nutrinova seeks from this Court in Count III of its Counterclaims. Martek's identification of eighteen (18) other patents it owns during discussions with Nutrinova -- an identification made at Nutrinova's request -- does not create an express threat or rise to the level of reasonable apprehension with respect to these specific patents, let alone as to each and every patent owned by, and each and every "right" held by, Martek as alleged in Count III of the Counterclaims. *Samsung*, 39 U.S.P.Q.2d at 1678 (dismissing declaratory judgment claims for lack of express threat or reasonable apprehension); *AgriDyne Tech., Inc. v. W.R. Grace & Co.*, 863 F. Supp. 1522, 1529 (D. Utah 1994) (holding that patentee's references to its patent portfolio and discussion of multiple patents in general did not instill a reasonable apprehension of a patent infringement suit with respect to a specific patent).

In *Samsung*, the plaintiff sought declaratory judgment that it did not infringe any patent owned by the defendant. *Samsung*, 39 U.S.P.Q.2d at 1677. In support of jurisdiction, plaintiff alleged that the defendant made "general representations" to plaintiff that "suggested"

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[2] Nutrinova does not even define the term "right," which could have an unlimited scope in these circumstances.

infringement of its entire patent portfolio. *Id.* The Court held that the alleged representations were merely "posturing" for purposes of persuasion during license negotiations and did not place plaintiff in reasonable apprehension of an infringement suit over the total portfolio. *Id.* at 1678. Finding that the plaintiff had not met its burden in establishing an actual controversy, the Court dismissed the declaratory judgment claim. *Id.*

As in *Samsung*, Nutrinova has not met its burden in establishing an actual controversy with regard to the allegations of Count III of the Counterclaims as required by the Declaratory Judgment Act. Accordingly, this Court should dismiss Count III under Fed. R. Civ. P. 12(b)(1) for lack of subject matter jurisdiction.

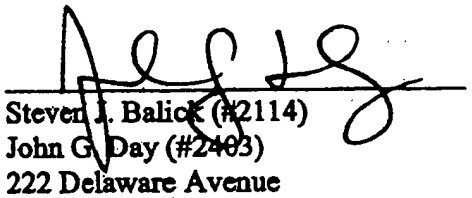
B. Considerations Of Justice And Efficiency Require This Court To Decline Declaratory Judgment Jurisdiction Over Count III

Even if this Court determines that an actual controversy exists, the exercise of the Court's jurisdiction over a declaratory judgment action is discretionary. *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 634 (Fed. Cir. 1991); *Samsung*, 39 U.S.P.Q.2d at 1679 n.9. In this case, it would be inefficient and unjust to proceed with Count III of the Counterclaims. Martek would be substantially prejudiced by such an extensive and unrestricted declaratory action. Martek would also most certainly be deprived of a speedy resolution of the dispute raised in its Complaint. Furthermore, it would be an overwhelming task for this Court to issue a declaration addressing all of Martek's intellectual property, including its nearly fifty (50) patents directed to highly technical subject matter. Accordingly, this Court should decline to exercise jurisdiction over Count III.

CONCLUSION

For the reasons discussed above, this Court should strike Paragraph 26 of Nutrinova's Affirmative Defenses, dismiss Paragraph 48 of Count I, and dismiss Count III of Nutrinova's Counterclaims (D.I. 5).

ASHBY & GEDDES



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Dated: December 15, 2003

CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of December, 2003, the attached **OPENING BRIEF IN SUPPORT OF PLAINTIFF'S MOTION TO STRIKE PARAGRAPH 26 OF THE AFFIRMATIVE DEFENSES, DISMISS PARAGRAPH 48 OF COUNT I, AND DISMISS COUNT III OF THE COUNTERCLAIMS Y NUTRINOVA INC. AND NUTRINOVA NUTRITION SPECIAL TIES & FOOD INGREDIENTS GMBH** was served upon the below-named counsel of record at the address and in the manner indicated:

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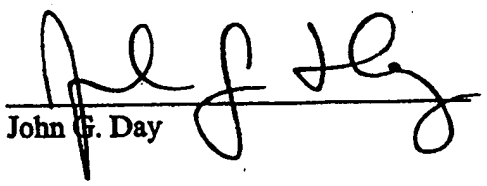

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